Realm High Income Fund January 2021

Fund Objective

The Realm High Income Fund is a fixed income strategy, that invests in domestic investment grade asset backed securities, bank-issued securities and corporate & government bonds. The objective of the Fund is to deliver investors a consistent return (net of fees and after franking) of 3% over the RBA cash rate through the market cycle.

Net Performance

Period	Ordinary Units (incl. franking)	Wholesale Units (incl. franking)	RBA Cash Rate Return
1 Month	0.13%	0.17%	0.01%
3 Month	1.19%	1.31%	0.03%
6 Months	2.43%	2.66%	0.09%
1 Year	4.38%	4.84%	0.27%
3 Years p.a	3.92%	4.36%	0.96%
5 Years p.a	4.33%	4.78%	1.21%
Since Inception p.a*	4.88%	4.85%	1.72%

* Past performance is not indicative of future performance. *Ordinary units Inception 26 September 2012. Wholesale units Inception 2 October 2013.

Fund Update

Cash and Short-Term Liquidity Weighting: ↓ Decreased to 20.53%. Overall, net inflows were allocated to credit opportunities in corporate and structured credit.

Interest Rate Duration Position: ↑ IRD positioning increased moderately to 1.90 years. Generally we use interest rate exposure for diversification purposes, however at present we are holding a more aggressive position in interest rates as part of our hedging portfolio.

Corporate & Subordinated Debt Allocation: ↑ Weighting to corporate and sub debt increased to 36.63% from 33.7%. Markets continue to be driven by the excess liquidity injected by central banks to counteract COVID19. The result has been that the majority of corporate credit markets are now tighter than pre-pandemic levels. With benchmark indices starting to look expensive the key focus of the team is on rotating the portfolio in line with the firms relative value philosophy.

Residential Mortgage Backed Securities (RMBS): ↓ RMBS allocation decreased slightly over the month from 29.28% to 28.7%, driven by fund growth coinciding with a lull in issuance around the New Years break. Performance of the sector continues to be strong, with both arrears indices and COVID hardship numbers performing well. Yields once again continued to tightened in public markets. This continues to be driven by three key themes; the strong offshore presence within the Australian market, strong flows into income based products searching for high quality assets with robust yields and the continued view of low asset supply into 2021. Secondary markets remain highly active, with the level of reverse enquiry searching for assets increasing. There was one new issuance late in the month, which is garnering strong interest due to the aforementioned technical factors.

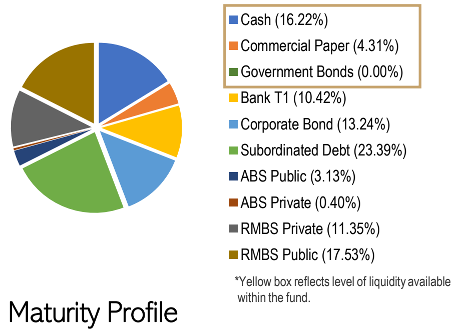
The Government's $15bn Structured Finance Support Fund was not used to support any public deals in either primary or secondary markets over the month but continues to exist to support the market where needed. The Forbearance SPV saw no additional subscribers accessing forbearance support.

Fund Statistics

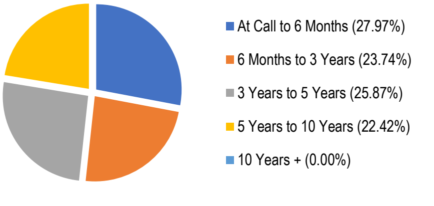
Running Yield	3.58%
Yield to Maturity	3.64%
Volatility†	1.89%
Interest rate duration	1.90
Credit duration	2.94
Average Credit Rating	BBB+
Number of positions	209
Average position exposure	0.39%
Worst Month*	-1.19%
Best Month*	1.22%
Sharpe ratio∂	3.14

Calculated on Ordinary Units unless otherwise stated. *Since Inception 26 September 2012. †Trailing 12 Months Calculated on Daily observations. ∂Since Inception Calculated on Daily observations

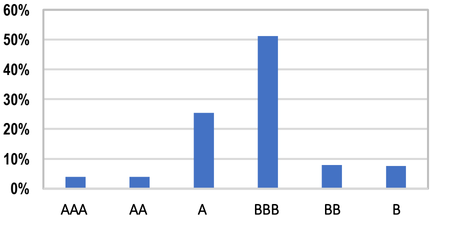
Portfolio Composition



Maturity Profile



Credit Quality



Distribution: Broc McCauley 0433 169 668 broc.m@realminvestments.com.au
Client Services: 03 9112 1150 clientservices@realminvestments.com.au
Level 17, 500 Collins St. Melbourne VIC 3000

Additional Tier 1 (AT1) Exposures: ↓ AT1 exposure decreased slightly to 10.42% from 10.96%. Supply/demand dynamics continued to be supportive of the AT1 market over the month. Albeit spreads are now beginning to approach 2015's market tights. Slight reduction in the sector as securities in the USD market rallied into levels where we were comfortable taking profit.

Asset Backed Securities (ABS): ↑ Our ABS allocation increased slightly from 3.45% last month to 3.53% at the end of the month. Exposures continue to be monitored closely. The sector outperformed expectations through the COVID period, with deferrals comparing favourably versus other more conventional types of risk, such as mortgages.

Targeted risk across the Fund: ↓ Targeted portfolio risk decreased to 1.57% from 1.66% over the month. Portfolio movements along with movements in individual node data, from an overall calming of market volatility, contributed to this decrease in risk.

Market Outlook

Financial markets began the year optimistically before re-assessing this in the final days of the month. The US, European and Australian equity markets finished largely unchanged. The USD rallied. Commodities were mixed. Most notably, government yield curves steepened considerably and Australian 10 year bond yields moved from 0.92% to 1.09%. Australian corporate bond spreads continued to rally over the month although bank senior and subordinated paper held steady, as did the domestic structured credit market.

The outcome of the US Senate run-off elections in Georgia produced a result which was favourable for the Democratic party, giving it control of the Congress and the Presidency, and increased the prospect of significant fiscal intervention. There is strong evidence of supply side frictions developing. Risk markets generally rallied despite the prospect of higher corporate taxes. The virulence of the UK and South African covid varieties, which have set these economies back significantly, became of greater concern elsewhere. Sentiment was also affected by revelations about vaccine production and distribution difficulties. In Australia, authorities continued to implement strong measures against outbreaks which have adversely affected consumption and tourism.

The Australian economy remains in a strong condition, under the circumstances. Households are spending when they can, housing markets are healthy, banks are prepared to lend and are very well capitalised and businesses are hiring full time roles at a greater pace. Globally, we believe that the US may endure a downgrade to near term expectations if estimates are correct that 0.5% of new covid cases were of the UK variety. Whilst the longer-term outlook of a strong recovery towards (but not reaching) the pre-covid baseline remains appropriate through 2022, a downward revision of this type of magnitude is ordinarily associated with uncomfortable volatility.

We believe that credit is fully priced at this time. We retain high levels of liquidity and are positively biased to deploy it into moderate market weakness. We note that the market narrative is shifting increasingly towards the timing of unwinding QE support. There is economic rationale for this, but we believe it is not an immediate concern.

We continue to deploy portfolio risk more heavily into corporate and subordinated financial debt. We have also been able to identify innovative opportunities in the structured asset book. Nonetheless, we have moved to increase protection levels in response to our observations that credit spreads appear tight, even in the presence of strong monetary support.

Sector Allocation

Sector	Asset Allocation Range	SAA Target
Cash	0% - 100%	10%
Government Bonds	0% - 100%	10%
Corporate Bonds	0% - 60%	10%
Corporate Hybrids	0% - 10%	5%
Bank Tier 1 Hybrids	0% - 25%	15%
Sub Debt Hybrids	0% - 25%	15%
RMBS	0% - 60%	30%
ABS	0% - 20%	5%

Fund Details

Distribution Frequency: Monthly
Liquidity: Daily
Buy/Sell: 0.05% / 0.05%
Direct Minimum Investment:
Ordinary Units - $25,000
Wholesale Units - $1,000,000
Adviser Units - $25,000
mFund Units - $10,000
Inception Date: 26.9.2012
Fund size: AUD $945 million
APIR Codes:
Ordinary Units - OMF0001AU
Wholesale Units - OMF0009AU
Adviser Units - OMF0018AU
mFund Units - OMF1394AU
Management Fees (inc. GST):
Ordinary Units - 1.20%
Wholesale Units - 0.77%
Adviser Units - 0.77%
mFunds Units – 0.77%
Responsible Entity: One Managed Investment Funds Ltd
Custodian: JP Morgan
Unit Pricing and Unit Price History:
https://www.realminvestments.com.au/our-products/realm-high-income-fund/

Platform Availability

- BT Wrap
- BT Panorama
- Credit Suisse
- Crestone
- First Wrap
- Hub24
- Macquarie Wrap
- MLC Navigator
- MLC Wrap
- Netwealth
- Powerwrap
- Praemium
- uXchange
- Xplore Wealth
- mFund: RLM03
- Australian Money Market (Retail Units)

Disclaimers on following page

DISCLAIMER

Realm Investment Management Pty Ltd ACN 158 876 807, a corporate authorised representative (number 424705) of Realm Pty Ltd ACN 155 984 955 AFSL 421336 (Realm) is the investment manager of the Realm High Income Fund (ARSN 159 673 533) (Fund). One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) is the responsibility entity of the Fund (OMIFL). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the product disclosure statement (PDS) issued by OMIFL before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors obtain and read a copy of the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. A copy of the Ordinary Units, mFunds Units and Wholesale Units PDS, Adviser Units PDS, Additional PDS (Dated 12 November 2018) and continuous disclosures may be obtained from http://oneinvestment.com.au/realm/ or http://www.realminvestments.com.au/. Realm believes that the information contained in this document is accurate when issued. Realm does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of Realm and its associates. This document should be regarded as general information only rather than advice. In preparing this document, Realm did not take into account the investment objectives, financial situation and particular needs of any individual person. The information contained in this document must not be copied or disclosed in whole or in part without the prior written consent of Realm, and Realm accept no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. Any opinions expressed in this document may be subject to change. Realm is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither Realm nor any of their directors, employees or agents accept any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this document. OMIFL and Realm do not guarantee the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor Realm, including their directors, senior executives, employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this document. Realm only provides services to wholesale clients, as defined in section 761G of the Corporations Act. Past performance is not indicative of future performance. Information in this document is current as at 31 January 2021.

ZENITH DISCLAIMER

The Zenith Investment Partners ("Zenith") Australian Financial Services License No. 226872 rating (May 2020) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at www.zenithpartners.com.au/regulatory-guidelines-funds-research.